

California Law Revision Commission

2015 SLAA REPORT

December 30, 2015

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the California Law Revision Commission submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Debora Larrabee, Associate Governmental Program Analyst, at (530) 752-3620, dlarrabee@clrc.ca.gov.

BACKGROUND

The Commission studies the law in order to discover defects and anachronisms and recommends legislation to make needed reforms.

The Commission assists the Legislature in keeping the law up to date by:

- Intensively studying complex and sometimes controversial subjects
- Identifying major policy questions for legislative attention
- Gathering the views of interested persons and organizations
- Drafting recommended legislation for legislative consideration

The Commission's efforts enable the Legislature to focus on significant policy questions in a recommendation rather than on technical issues that can be resolved in the process of preparing background studies, working out intricate legal problems, and drafting implementing legislation. The Commission thus helps the Legislature accomplish needed reforms that otherwise might not be made because of the heavy demands on legislative time. In some cases, the Commission's report demonstrates that no new legislation on a particular topic is needed, thus relieving the Legislature of the need to study the topic.

The Commission's critical business functions (mostly word-processing and some data base and spreadsheets) are done on desktop computers in an Apple Macintosh OS X (10.9.5) environment.

The Commission's objectives are to fulfill the mission of the agency, which is to study laws in order to discover defects and anachronisms and recommend legislation to make needed reforms. All Commission activities are to promote this end.

The California Law Revision Commission was created in 1953 as the permanent successor to the California Code Commission and given responsibility for the continuing substantive review of California statutory and decisional law (Gov't Code §§ 8280 - 8298).

The Commission's positive control environment is largely the consequence of the Commission's very small, professional, and dedicated staff.

The Commission's 5.5 positions include four attorneys (two of whom are managers), an administrative analyst, and an executive secretary. This tight knit structure permits direct supervision by professionals and managers at every level of the organization, strong personal commitment to the values and goals of the organization, and a sense of obligation to uphold the high standards of integrity that have consistently been stressed and modeled by agency managers.

RISK ASSESSMENT PROCESS

The Commission's risk assessment is performed internally by the Executive Director and the Administrative Analyst annually in December, as a collaborative effort for the entire Law Revision Commission. The Executive Director and the Administrative Analyst brainstorm all areas of internal controls that maybe at risk. The risks identified are ranked by possible impact to the Commission from greatest to the smallest. This process does not focus on one area of Internal Controls. The Commission also has a suggestion database where all staff can document problems or ideas that may or may not relate to internal controls. All internal control related suggestions are evaluated at the time of risk assessment and on an ongoing bases as they are posted. The database is also used to track risks deemed in the Commissions control to address. All staff can view the risks and progress made and provide additional insight to addressing a deficiency. Executive Director and the Administrative Analyst cover risk progress and timeframe goals at their staff meetings. Deficiency completion goals are derived by the estimated man hours required to address the deficiencies and the workload and priorities of the staff member doing the work. In December we also evaluate our IT risk using the Information Security Assessment tool for State Agencies. Our score on organizational reliance on information technology was very low and the total security assessment score was good.

EVALUATION OF RISKS AND CONTROLS

Operations- External- Funding—Sources, Levels

Our greatest source of operational vulnerability is the prospect of a reduction to our annual appropriation. As a very small agency, with extremely limited overhead, most of our appropriation goes to paying personnel costs. Any further reduction to our budget would require a reduction of staff. That would directly affect our ability to complete our core mission.

In a typical fiscal year we have no vacancies and no attrition and therefore no ability to reduce our personnel costs. In recent years, our operating costs have been cut to the maximum extent possible. Any future cuts to our budget will necessarily result in staff reductions, which will have a direct effect on our ability to perform our main mission: law reform analysis and recommendations. This risk is a serious threat to the Commission's effectiveness in performing its mission.

The only control the Commission has in this situation is to attend budget hearings to provide any information on The California Law Revision Commissions status and continue working with The Department of Finance with regards to any possible need.

Operations- External- Staff—Recruitment, Retention, Staffing Levels

CLRC management is concerned with retaining experienced and knowledgeable staff and reducing the training burden involved in "breaking in" new staff. Staff retention can be challenging at times given that state attorneys receive less in salary than comparable attorneys in private practice or local government. This problem has been exacerbated by the recent staff reductions through furloughs and otherwise and very little upward mobility in a small agency.

To help mitigate that existing problem, the management is committed to providing a flexible work environment to better accommodate work schedules and family needs. Recent examples include: relocation of an employee's main work location to reduce commute time, flexible start and stop times for employees with child care issues. These sorts of lifestyle concessions can improve morale and retention without having a significant negative effect on productivity.

Operations- Internal- Staff—Key Person Dependence, Succession Planning

CLRC is a small agency of 5.5 employees with a single part time administrative analyst. As a result of these conditions, key person dependency is unavoidable. We have taken steps to curtail key person

dependency by establishing written procedures for the administrative assistant's key business functions.

We have taken steps to curtail our existing key person dependency risk by establishing written procedures for the administrative analysts key business functions.

Operations- External- FI\$Cal Conversion

We are a very small agency with only 5.5 positions. The .5 (half time) position is the agencies only analyst. The FI\$Cal conversion has and will continue to require work and training from our part-time analyst while all other required state reporting and job requirements are still ongoing. With only one analyst to work on these tasks, rather than specialized department in bigger agencies, we have a very steep learning curve to follow with very few supports in place to assist.

We have postponed any non-essential work for our part-time analyst during this transition to the FI\$Cal system. We will continue to use all possible training to assist our Analyst and other staff for the Wave 4 conversion.

ONGOING MONITORING

Through our ongoing monitoring processes, the California Law Revision Commission reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of California Law Revision Commission, Brian Hebert, Executive Secretary, is responsible for the overall establishment and maintenance of the internal control system. We have identified Brian Hebert, Executive Secretary, as our designated agency monitor(s).

Frequency of Monitoring Activities

The Commission's risk assessment is performed internally by the Executive Director and the Administrative Analyst in December annually. With only 6 employees in our agency, monitoring internal controls is easy as the Executive Director work directly with all staff members. Prioritizing and planning happens naturally as a part of the Executive Directors staff meeting with each employee. Communications regarding all internal controls systems happens daily or weekly as needs or risk arise.

Reporting and Documenting Monitoring Activities

All reporting is to our Executive Director who is responsible for all monitoring and documenting. This is done during individual staff meeting that the Executive Director has with each staff member daily or weekly as need require on no particular form.

Procedure for Addressing Identified Internal Control Deficiencies

All deficiencies are reported to the Commission's Executive Director, who works directly with staff to address and monitor results.

CONCLUSION

The California Law Revision Commission strives to reduce the risks inherent in our work through ongoing monitoring. The California Law Revision Commission accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Brian Hebert, Executive Secretary

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations